

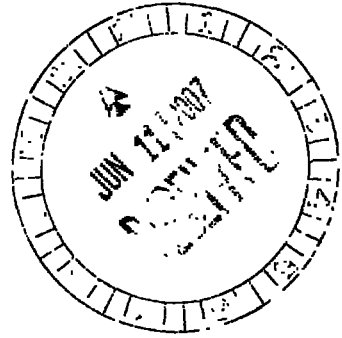


RECORDATION NO. 26170-B FILED

JUL 09 '07

4-05 PM

SURFACE TRANSPORTATION BOARD



May 29, 2007

Secretary
Surface Transportation Board
1925 K St NW
Washington, D.C. 20423

Dear Secretary:

I have enclosed two copies of the document(s) described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a security agreement used as collateral listing for a secured Revolving Line of Credit Loan, and is a secondary document, filing number 20060008088C, dated January 25, 2006, with the NC Secretary of State UCC Division, along with a copy of the signed Commercial Security Agreement for the loan.

The names and addresses of the parties to the documents are as follows:

First-Citizens Bank & Trust Co.
Commercial Credit Administration
PO Box 26692
Raleigh, NC 27611

And

Great Smoky Mountains Railroad, Inc.
PO Box 1490
Bryson City, NC 28713

A request for cross-indexing is being made. The first filing with STB is dated Feb. 3, 2006 and carries a recordation number of #26170. A second filing with STB is dated March 30, 2006 and carries a recordation number of #26170-A.

A description of the equipment covered by the document follows:

See attached collateral listing herein incorporated by reference. Included in the property covered by the aforesaid security agreement for the secured line of credit are railroad cars, locomotives, and other rolling stock, intended for use related to entertainment travel within the state of North Carolina or interests therein, owned by the Great Smoky Mountains Railroad, Inc. at the date of said secured line of credit execution or thereafter acquired by it or its successors as owners of the lines of railway covered by the security agreement.

A fee of \$33.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to:


First-Citizens Bank & Trust Co.
Attn: Deborah Patterson
196 Walnut St.
Waynesville, NC 28786

A short summary of the document to appear in the index follows:

"Property covered by the aforesaid security agreement for the secured line of credit are railroad cars, locomotives, and other rolling stock."

Very truly yours,

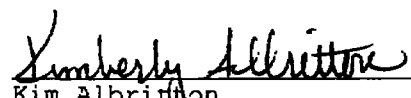
First-Citizens Bank & Trust Co.



Scott Z Cornor
VP/Retail Market Executive

And:

Great Smoky Mountains Railroad, Inc.



Kim Albritton
Vice President



Principal \$830,000.00	Loan Date 05-29-2007	Maturity 06-01-2008	Loan No	Cell / Coll	Account	Officer 22831	Initials
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

JUL 09 '07

4-05 PM

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.



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LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for



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**COMMERCIAL SECURITY AGREEMENT
(Continued)**

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insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's or any Grantor's ability to repay the Indebtedness or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the North Carolina Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

RIGHT TO CURE. If an Event of Default occurs, Lender shall give such notice and opportunity to cure as may be required by the Note and applicable law.

COMMERCIAL SECURITY AGREEMENT (Continued)

GRANTOR'S ADDITIONAL WAIVERS. To the extent permitted by applicable law, Grantor also expressly waives all benefits, claims, rights and defenses Grantor may have or acquire that are based on: (A) any statutory or common law provision limiting the liability or requiring the discharge of a guarantor or surety; (B) suretyship or impairment of collateral, including any benefits, claims, rights or defenses Grantor may have or acquire pursuant to sections 3-419 and 3-605 of the Uniform Commercial Code as adopted and amended from time to time by the various states; (C) any legal or equitable doctrine or principle of marshalling; and (D) any "one action" or "anti-deficiency" law or provision limiting the right of Lender to recover a deficiency judgment or to otherwise proceed against any person or entity obligated to pay the sums secured hereby, whether before or after the disposition of any collateral. Lender shall not be required to sell or dispose of collateral in inverse order of alienation or any other particular order. Without affecting Lender's rights under this Agreement, Lender may release or not release any Borrower or guarantor from liability without Grantor's knowledge, consent or joinder.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of North Carolina without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of North Carolina.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means Great Smoky Mountains Railroad, Inc. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Great Smoky Mountains Railroad, Inc..

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or



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**COMMERCIAL SECURITY AGREEMENT
(Continued)**

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waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means First-Citizens Bank & Trust Company, its successors and assigns.

Note. The word "Note" means the Note executed by Great Smoky Mountains Railroad, Inc. in the principal amount of \$830,000.00 dated May 29, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED MAY 29, 2007.

GRANTOR:

GREAT SMOKY MOUNTAINS RAILROAD, INC.

By: Kim Albritton
Kim Albritton, Vice President of Great Smoky
Mountains Railroad, Inc.

00600327018

File Number: 20060008088C
 Date Filed: 01/25/2006 10:00 AM
 Elaine F. Marshall
 NC Secretary of State

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

First Citizens Bank
 Loan Servicing Department-DAC20
 PO Box 26592
 Raleigh, NC 27611-6592

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a ORGANIZATION'S NAME

Great Smoky Mountains Railroad, Inc.

OR 1b INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c MAILING ADDRESS

119 Front St

CITY

Dillsboro

STATE

NC

POSTAL CODE

28725

COUNTRY

USA

1d SEE INSTRUCTIONS

ADD'L INFO RE
 ORGANIZATION
 DEBTOR

1e. TYPE OF ORGANIZATION

Corporation

1f JURISDICTION OF ORGANIZATION

NC

1g ORGANIZATIONAL ID #, if any

0232091

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a ORGANIZATION'S NAME

OR 2b INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d SEE INSTRUCTIONS

ADD'L INFO RE
 ORGANIZATION
 DEBTOR

2e TYPE OF ORGANIZATION

2f JURISDICTION OF ORGANIZATION

2g ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a ORGANIZATION'S NAME

First-Citizens Bank & Trust Company

OR 3b INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

c/o Loan Servicing Department - DAC20, P.O. Box 26592

Raleigh

NC

27611-6592

USA

4. This FINANCING STATEMENT covers the following collateral

See Exhibit "A" attached hereto and incorporated herein by reference.; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceeds).

5. ALTERNATIVE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG LIEN NON-UCC FILING
 6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) All Debtors Debtor 1 Debtor 2
 8. OPTIONAL FILER REFERENCE DATA

Great Smoky Mountain Railroad

EXHIBIT A

Detailed Inventory Report: Includes Inventory, Accounts and

SECTION I, LOCOMOTIVES: General Intangibles

777	1954 General Motors/EMD, Model GP-7 Locomotive	60,000.00		
711	1954 General Motors/EMD, Model GP-7 Locomotive	60,000.00		
210, 1751	1963 General Motors/EMD, Model GP-35 Locomotive	60,000.00		
223, 1755	1964 General Motors/EMD, Model GP-35 Locomotive	60,000.00	Subtotal	240,000.00
1702	S-160 Consolidation / 1942 Baldwin Steam Locomotive, 2-8-0			
	w/ Tender	200,000.00	Subtotal	200,000.00

SECTION II, LIGHTWEIGHT PASSENGER CARS:

8015	1940 Budd Co. Built Dining Car, Known as the "Silver Meteor"	100,000.00		
8806	1949 Budd Co. Built Tavern-Lounge Car, Known as the "Dixie Flyer"	100,000.00		
8807	1949 Budd Co. Built Dormitory-Kitchen Car, Known as the "Conductor's Café"	85,000.00		
3331	1940 Budd Co. Built Observation-Lounge Car, Known as the "Champion"	100,000.00		
4102	1952 Pullman Co. Built Dining Car, OSM 4102, Known as the "Panama Limited"	85,000.00		
8411	Circa 1950's Pullman Built Coach, Known as the "Royal Palm"	52,000.00		
536	1952 Pullman Built Coach, Known as the (MacNeill Club) "Powhattan Arrow"	100,000.00	Subtotal	622,000.00

SECTION III, HEAVYWEIGHT PASSENGER CARS:

25	1923/1985 Pullman Co. (CONRAIL, Rebuilt) Coach, "Piedmont Limited"	75,000.00		
26	1923/1985 Pullman Co. (CONRAIL, Rebuilt) Coach, "Southland"	75,000.00		
6118	Circa 1935 Pullman Co. Built Coach, "Crescent Limited"	52,000.00		
6514	1952 Pullman Co. Built Coach, "Dillsboro"	40,000.00		
320	1921/1989 Pullman Co. Built Coach, "Sylvia"	40,000.00		
322	1921/1989 Pullman Co. Built Coach, "Bryson City"	40,000.00		
324	1921/1989 Pullman Co. Built Coach, "Pee Wee Watson"	42,500.00		
522	Circa 1935 Canadian Car & Foundry Built Coach, "Jackson County"	42,500.00		
523	Circa 1935 Canadian Car & Foundry Built Coach, "Cherokee"	40,000.00	Subtotal	447,000.00

SECTION IV, OPEN-AIR SIGHTSEEING CARS:

30	1959 Pullman Built Baggage Car (Modified GSM) Known as the "Whittier"	40,000.00		
31	1959 Pullman Built Baggage Car (Modified GSM) Known as the "Almond"	40,000.00		
32	1959 Pullman Bilt. Baggage Car (Modified GSM) Known as "James Sarge Revis"	40,000.00		
33	1959 Pullman Bilt. Baggage Car (Modified GSM) Known as the "Lipton"	42,500.00		
34	1959 Pullman Bilt. Baggage Car (Modified GSM) Known as the "Olivine Shop"	45,000.00		
35	1946 Pullman Bilt. Coach Car (Modified GSM) Known as the "Fontana"	42,500.00		
36	1946 Pullman Bilt. Baggage Car (Modified GSM) Known as the "Wildwater"	47,500.00		
No Number	1946 Pullman Bilt. Baggage Car (Modified GSM) Known as the "Nantahala"	45,000.00		
513	1965 GSI Built Flat Car (Modified GSM) Known as the "Oconalufee"	22,500.00		
556	1965 GSI Built Flat Car (Modified GSM) Known as the "Tuckasegee"	32,500.00	Subtotal	397,500.00

Great Smoky Mountain Railroad

Detailed Inventory Report:

SECTION V. MISCELLANEOUS EQUIPMENT:

6516		Geneva Lake Coach	12,000.00		
No	Number	Baggage "Ex - Milwaukee Road"	12,500.00		
1141		Baggage "American Federal" - Dillsboro	13,000.00		
1144		Baggage "Halloween" - Bryson City	12,500.00	Subtotal	50,000.00

CABOOSES:

537	N&W	CABOOSE	25,000.00		
1490	D&RGW	CABOOSE	25,000.00		
3753	Chessie	International Car Company Side-Bay Caboose, C&O - "Concession Car"	25,000.00		
999447	ATSF	Shop @ Dillsboro	27,250.00		
2448	WAB	Gen @ Dillsboro - "Generator Car"	40,000.00		
	Cabooses	Arbitrary @ Dillsboro - "Ticket Office"	14,000.00		
	Cabooses	Arbitrary @ Dillsboro - "Food & Beverage Office"	14,000.00		
	Cabooses	Gen @ Bry. City - "Generator Car"	40,000.00	Subtotal	210,250.00

FREIGHT CARS:

GSMR 206		Flat w/ Crane	16,500.00		
GSMR 538		Flat	7,000.00		
1001	SUTX	Tank	10,000.00		
78371	NATX	Tank	12,500.00		
149788		Hopper - Ballast	12,500.00		
489273	Ex C&O	Shop Storage	6,000.00		
No	Number	Gift Shop - Stationary	6,000.00		
GSMR 6	N&W	Shop Storage	6,000.00		
635810	SCL	Track Department - Stationary	6,000.00		
61983	NW	Shop Storage	6,000.00		
No	Number	Gift Store - Stationary	6,000.00		
164282	NW	Shop Storage - Stationary	6,000.00		
635314	SCL	Maintenance Department - Stationary	6,000.00	Subtotal	106,500.00

Great Smoky Mountain Railroad

Detailed Inventory Report:

RUBBER-TIRED EQUIPMENT:

T04219D1028	John Deere Back Hoe 410B	10,000.00		
U101110773	Welder (Lincoln Ranger 250)	2,000.00		
92866U76353	Air Compressor (Inger-Rand)	2,500.00	Subtotal	14,500.00

ON-TRACK MAINTENANCE OF WAY EQUIPMENT:

900144036	1996 Pandrol-Jackson Model 900, Tamper - On Line	65,000.00		
925152592	1996 Pandrol-Jackson Model 925, Tie Insertor	65,000.00		
11303	Kershaw Ballast Regulator - Unit BR697	39,850.00		
12-724-86	Kershaw Tie Crane	22,500.00		
1448	Nordburg Model A Spiker	28,000.00		
W86RL434	Fairmont Rail Lifter Model	4,850.00		
252969	Fairmont Spike Puller	10,850.00		
Model ESJDAG	Fairmont Switch Tamper	52,250.00		
116622	Loader Backhoe - CAT 416	41,500.00		
31876	Steemec Gersmar Bolt Machine	5,500.00		
1733	Geismar Walk - Spike Puller	9,500.00		
11659	Geismar Walk - Spiker	6,800.00	Subtotal	351,600.00

SHOP MACHINERY:

	Jacks - (Whiting 35 Ton - Quantity 4) MA 2451 thru MA 2454	80,000.00		
	Welder - (Lincoln MIG) 41050612943	5,000.00		
	Welder - (Hobart Champion) LB243435	5,000.00		
No Number	Mach Tools - (20" American Lathe and Series II Bridgeport Mill)	30,000.00	Subtotal	120,000.00

OTHER ITEMS:

Dillsboro	Drop Table - (Whiting) 4172	15,000.00		
Bryson	Turn Table - (American Bridge) 486	15,000.00		
P0195-5484	Steam Cleaner	1,500.00		
13	Strategic Air Command - Stationary	15,000.00		
	Spare Parts in Box Car, Etc	20,000.00		
SCRAP	"Fugitive" Locomotives	13,000.00	Subtotal	81,500.00
GRAND TOTAL:				2,840,850.00

Great Smoky Mountain Railroad

Corporate Form of Acknowledgement

I, Loretta Murphy, certify that I am the Chief Financial Officer of The Great Smoky Mountains Railroad, Inc. that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct. Executed on January 17, 2006.

Signature

Loretta Murphy

Chief Financial Officer, The Great Smoky Mountains Railroad, Inc.

T0606144501

File Number: 20060020656J
Date Filed: 03/02/2006 07:31 AM
Elaine F. Marshall
NC Secretary of State

FILING OFFICE ADMINISTRATIVE ACTION STATEMENT INTERNAL USE ONLY	
1 Identification of the Record to which this FILING OFFICER STATEMENT relates	
1a RECORD #	20060008088c
1b DATE AND TIME RECORD FILED	03/02/2006
1c FILE # OF INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES	N/A

THE ABOVE IS FOR FILING OFFICE USE ONLY

2 ☒ Describe the inaccuracy or mistake on the part of the filing office

Filing office misspelled debtor name in error.

Great Smoky Mountain Railroad, Inc., 119 Front St, Dillsboro, NC, 28725

3 ☒ Describe filing office administrative action taken as a result of inaccuracy or mistake (including date of each action)

Administrative Action done to correct spelling of debtor name:

Great Smoky Mountains Railroad, Inc., 119 Front St, Dillsboro, NC, 28725

dorothy young

03/02/2006

FILING CLERK

DATE THIS FILING OFFICER STATEMENT WAS FILED

FILING OFFICE -- FILING OFFICER STATEMENT